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SEC Mail Processing ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

MAR 01 2019

Washington, DC

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2018 AND ENDING 12/31/2018

MM/DD/YY

MM/DD/YY

A. REGISTRANT IDENTIFICATIONNAME OF BROKER-DEALER: Thornburg Securities Corporation

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2300 N Ridgetop Rd

(No. and Street)

SANTA FENM87506

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG, LLP

(Name - if individual, state last, first, middle name)

PO Box 3939AlbuquerqueNM87190

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

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OATH OR AFFIRMATION

I, Nimish S. Bhatt, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Thornburg Securities Corporation, as of December 31, 20 18, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

SEC Mail Processing

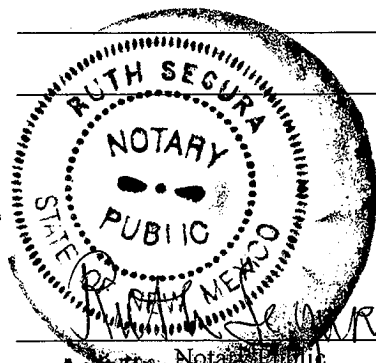
MAR 01 2019

Washington, DC

Nimish A Bhatt
Signature

Financial/Operations Principal

Title



This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Financial Statements and Schedules

December 31, 2018

(With Report of Independent Registered Public Accounting Firm Thereon)

and

Report of Independent Registered Public Accounting Firm required by PCAOB
Release No. 2011-004 on Exemption Report Required by SEC Release No. 34-
70073 for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3



KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Thornburg Securities Corporation:

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Thornburg Securities Corporation (the Company) as of December 31, 2018, the related statements of operations, changes in stockholders' equity, cash flows, and changes in subordinated borrowings for the year then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for revenue from contracts with customers in 2018 due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.



Accompanying Supplemental Information

The supplemental information contained in Schedules I, II, and III has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplemental information contained in Schedules I, II, and III is fairly stated, in all material respects, in relation to the financial statements as a whole.

KPMG LLP

We have served as the Company's auditor since 1993.

Albuquerque, New Mexico
February 26, 2019

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Statement of Financial Condition

December 31, 2018

Assets

Cash and cash equivalents	\$ 5,648,712
Investment in Thornburg New Mexico Intermediate Municipal Fund (cost of \$1,525,883)	1,489,377
Receivables:	
Distribution and servicing 12b-1 fees	90,379
Other	6,381
Deferred sales commissions	783,256
Prepaid expenses	287,312
Other assets	3,300
Property and equipment (net of accumulated depreciation of \$146,542)	<u>27,966</u>
	\$ <u><u>8,336,683</u></u>

Liabilities and Stockholders' Equity

Liabilities:

Accounts payable and accrued expenses	\$ 4,847,605
Due to related parties	10,260
Subordinated borrowings	<u>1,750,000</u>
	<u>6,607,865</u>

Stockholders' equity:

Class A common stock of \$1 par value. Authorized, 10,000 shares; issued and outstanding, 2,500 shares	2,500
Class B common stock of \$1 par value, nonvoting. Authorized, 10,000 shares; issued and outstanding, 1,380 shares	1,500
Additional paid-in capital	1,152,153
Retained earnings	623,519
Treasury stock, 120 common shares at cost	<u>(50,854)</u>
Total stockholders' equity	<u>1,728,818</u>
	\$ <u><u>8,336,683</u></u>

See accompanying notes to financial statements.

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Statement of Operations

Year ended December 31, 2018

Revenues:

Distribution commissions	\$ 411,736
Distribution and servicing 12b-1 fees	3,220,949
Marketing reimbursement	19,343,100
Other income	<u>25,412</u>

Total revenues	<u>23,001,197</u>
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Expenses:

Employee compensation and benefits	16,243,363
Distribution expenses	2,738,726
Marketing and sales promotion	499,030
General and administrative	<u>3,372,023</u>

Total expenses	<u>22,853,142</u>
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Net income	<u><u>\$ 148,055</u></u>
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See accompanying notes to financial statements.

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Statement of Changes in Stockholders' Equity

Year ended December 31, 2018

	Common stock		Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
	Class A	Class B				
Balances at December 31, 2017	\$ 2,500	1,500	1,152,153	475,464	—	1,631,617
Net income	—	—	—	148,055	—	148,055
Treasury shares purchased	—	—	—	—	(50,854)	(50,854)
Balances at December 31, 2018	<u>\$ 2,500</u>	<u>1,500</u>	<u>1,152,153</u>	<u>623,519</u>	<u>(50,854)</u>	<u>1,728,818</u>

See accompanying notes to financial statements.

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Statement of Cash Flows

Year ended December 31, 2018

Cash flows from operating activities:	
Net income	\$ 148,055
Adjustments to reconcile net income to net cash flows provided by operating activities:	
Depreciation	11,113
Unrealized loss on investments in Thornburg mutual fund	16,564
Amortization of deferred sales commissions	2,524,726
Change in assets and liabilities:	
Distribution and servicing 12b-1 fees receivable	301,952
Related party receivables/payables	82,654
Other receivables	(4,167)
Deferred sales commissions	(1,926,580)
Prepaid expenses	(3,082)
Accounts payable and accrued expenses	(678,535)
Net cash flows provided by operating activities	<u>472,700</u>
Cash flows from investing activities:	
Purchases of investments in Thornburg mutual fund	(41,452)
Purchases of property and equipment	(32,249)
Net cash flows used in investing activities	<u>(73,701)</u>
Cash flows from financing activities:	
Treasury shares repurchased	(50,854)
Net cash flows used in financing activities	<u>(50,854)</u>
Net increase in cash and cash equivalents	348,145
Cash and cash equivalents, beginning of year	<u>5,300,567</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,648,712</u></u>

See accompanying notes to financial statements.

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Statement of Changes in Subordinated Borrowings

Year ended December 31, 2018

Subordinated borrowings at December 31, 2017	\$ 1,750,000
Increases:	
Issuance of subordinated notes	<u>—</u>
Subordinated borrowings at December 31, 2018	<u><u>\$ 1,750,000</u></u>

See accompanying notes to financial statements.

THORNBURG SECURITIES CORPORATION

(An S Corporation)

Notes to Financial Statements

December 31, 2018

(1) Summary of Significant Accounting Policies

(a) *Nature of Business*

Thornburg Securities Corporation (the Company or Thornburg), a Delaware corporation, is the distributor for the Thornburg Investment Trust (the Trust). The Trust is a Massachusetts business trust.

The Company is a registered broker-dealer under the Securities Exchange Act of 1934, engaged in the business of general securities brokerage and the rendering of other financial services related to its general securities business. Accounts are offered on a fully disclosed basis through contractual agreements with clearing brokers. The Company is registered with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

Sources of revenue for the Company (not including marketing reimbursements; see note 2) are distribution commissions and 12b-1 distribution and servicing fees. The Company's revenues from distribution commissions, 12b-1 distribution and servicing fees and marketing reimbursements are dependent upon future marketing and sales of the Thornburg family of mutual funds.

(b) *Investment Securities*

Shares of Thornburg New Mexico Intermediate Municipal Fund (affiliate) are stated at market value, and unrealized gains or losses are recognized in the statement of operations using the specific-identification method. Interest and dividend income is recorded as earned.

(c) *Property and Equipment*

Property and equipment are stated at cost. Depreciation on all property and equipment is computed using the straight-line method based upon useful lives of three to seven years. Cost of repairs and maintenance is charged to expense as incurred.

(d) *Income Taxes*

The Company is treated as an S Corporation for income tax purposes whereby the income or loss of the Company is reflected in the individual tax returns of its stockholders. Accordingly, the financial statements do not reflect federal and state income taxes. The Company has not recorded any provisions for uncertain tax positions and no interest or penalties have been accrued.

(e) *Cash and Cash Equivalents*

The Company considers all highly liquid investments with maturities of less than three months to be cash equivalents. The Company maintains cash and cash equivalents with a financial institution that exceed Federal Deposit Insurance Corporation (FDIC) limits. The Company invests cash in large, well known financial institutions and believes that no significant concentration of credit risk exists with respect to cash and cash equivalents.

THORNBURG SECURITIES CORPORATION

(An S Corporation)

Notes to Financial Statements

December 31, 2018

(f) *Deferred Sales Commissions*

Sales commissions paid to broker/dealers in connection with sales of shares of certain mutual funds are recorded as deferred sales commissions and amortized over the estimated period in which they will be recovered from distributor commissions and/or contingent deferred sales charges, which is currently one year.

(g) *Use of Estimates*

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(h) *Fair Value Measurements*

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting Standards Codification Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company had only Level 1 assets that included its investment in Thornburg New Mexico Intermediate Municipal Fund at December 31, 2018. There were no transfers between Levels 1, 2 or 3 during 2018.

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Notes to Financial Statements

December 31, 2018

(i) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09). ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, *Revenue Recognition*, and requires entities to recognize revenue when they transfer control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The FASB has issued several amendments to the standard, including principal versus agent guidance and identifying performance obligations.

The Company adopted ASU 2014-09 effective January 1, 2018 using the modified retrospective transition method applied to those contracts which were not completed as of that date. Prior period information has not been restated. The adoption of ASU 2014-09 did not have any material impact to the Company's statement of operations or financial condition. No cumulative effect adjustment to retained earnings was recorded as a result of the adoption of ASU 2014-09.

(2) Revenue Recognition

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects consideration to which the Company expects to be entitled in exchange for those services (the "transaction price"). The Company enters into contracts that can include multiple services, which are accounted for separately if they are determined to be distinct. Consideration for the Company's services is generally in the form of variable consideration because the amount of fees are subject to market conditions that are outside of the Company's influence. The Company includes variable consideration as part of its transaction price when it is no longer probable of significant reversal, i.e. when the associated uncertainty is resolved.

The Company serves as the primary underwriter and distributor to the mutual funds managed by Thornburg Investment Management, Inc. (TIM) and receives fees from the funds for the services of selling fund shares and providing distribution services to the funds. The Company recognizes the upfront sales commissions (distribution commissions) for front-end load funds on a trade date basis when the services are performed and the amount the Company is entitled to is known.

THORNBURG SECURITIES CORPORATION

(An S Corporation)

Notes to Financial Statements

December 31, 2018

The Company accounts for fund distribution services and shareholder servicing (12b-1 fees) as distinct performance obligations, because customers can benefit from each service individually and because the services are separately identifiable (that is, the nature of the promised services is to transfer each service individually). Fund distribution service fees are satisfied at a point in time (trade date) but are paid over time. These fees are variable as they are dependent upon net asset values of the funds and investor activities in periods after the trade date. Due to this constraint, the Company recognizes fund distribution service fees when the net asset values of the funds are known. Consequently, distribution fees recognized in the current period primarily relate to performance obligations that were satisfied in prior periods. The shareholder services performance obligation is considered to be a series of distinct services that are substantially the same and are satisfied daily. Fees for these services are recognized over time as the services are performed. The Company contracts with third parties for various fund distribution services and shareholder servicing of certain funds to be performed on its behalf. These arrangements are generally priced as a portion of the fee paid to the Company by the fund or as an agreed-upon percentage of net asset value. The Company has assigned its rights to these third parties' distribution and servicing fees to the respective third parties. As a result, these fees are not recorded as revenues by the Company.

If shares are redeemed prior to one year from the purchase date, they are subject to a contingent deferred sales charge that replaces the fees that would have been earned from the 12b-1 distribution fee. The fee income is recognized when received. The deferred sales charges were \$214,000 for the year ended December 31, 2018.

The Company provides marketing and related services to TIM. In consideration for the services provided by the Company, TIM pays a portion of their investment advisory fees to the Company. The marketing support and related services performance obligation is considered to be a series of distinct services that are substantially the same and are satisfied daily. Fees for these services are recognized over time as the services are performed. These fees are presented as marketing reimbursement in the Company's statement of operations.

(3) Stock Ownership

All of the Company's outstanding Class A common stock and 22% of its outstanding Class B common stock are held by one individual (the director).

(4) Transactions with Related parties

The Thornburg family of mutual funds was organized and formed by TIM. TIM is an affiliate, which is wholly owned by its stockholders. During the normal course of operations, the Company incurs costs related to the marketing and sales of the Thornburg family of mutual funds. As determined by written agreement between the Company and TIM, TIM pays the Company for these marketing and sales efforts. During 2018, the Company evaluated the costs that were being reimbursed under this agreement and added certain cost categories that weren't previously reimbursed. This addition of these cost categories had the impact of increasing marketing and sales revenue by approximately \$621,250 in 2018. In addition, the Company and TIM agreed in May 2018 to reimburse an additional monthly payment of \$40,000 as compensation for marketing research services provided by the Company to TIM. The amount reimbursed to the Company under these agreements was \$19,343,100 for the year ended December 31, 2018.

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Notes to Financial Statements

December 31, 2018

The Company has an agreement with TIM regarding allocation of certain shared expenses. In general, each shared expense item will be allocated between the Company and TIM on the basis of the relative number of employees employed by each entity. The Company and TIM agreed that the Corporate Finance department or person authorized to approve a purchase order request, as appropriate, may determine a different allocation methodology for some or all shared expense items, provided that there is a reasonable basis for any such determination. The cost of shared expense was \$4,316,467 for the year ended December 31, 2018 and these costs are included in various accounts in the accompanying statement of operations.

On November 1, 2016 the Company entered into the subordinated loan agreement with TIM for \$1,750,000. See note 10.

In March 2009, the Company relocated its corporate headquarters into a building owned by Ridgetop Road LLC (Ridgetop Road), which is a wholly owned subsidiary of TIM. The rent paid to TIM and subsequently passed on to Ridgetop Road was \$280,397 for the year ended December 31, 2018 (included in the cost of the shared expenses total disclosed above).

During the year ended December 31, 2018, the Company earned \$41,452 in interest income from investment in Thornburg New Mexico Intermediate Municipal Fund.

(5) Profit Sharing and 401(k) Plan

The Company sponsors a profit sharing plan for which substantially all employees are eligible. Annual contributions are made in the amounts determined by the Company's director. During 2018, the Company accrued profit sharing contributions of \$566,166 on behalf of its employees. Under the provisions of the plan, participants begin vesting in benefits after two years and are fully vested upon completion of six years of service. The amount related to the profit sharing liability included in accounts payable and accrued expenses at December 31, 2018 is \$566,166.

The Company has a 401(k) safe harbor plan for which substantially all employees are eligible. Under the plan, the Company contributes 3% of each employee's annual compensation (as defined in the plan), up to certain dollar limits as specified by federal law. Employees may contribute any amount up to the maximum allowable by law. The Company's contribution is made regardless of whether the employee chooses to contribute additional amounts. Under the plan, employees are 100% vested in all company non-elective contributions as well as all personal deferrals. Company 401(k) contributions were \$362,900 for 2018.

(6) Deferred Compensation

The Company has a deferred compensation plan for the Regional Sales Managers and Inside Sales Managers and awarded amounts are based on actual sales of mutual funds in the respective territories and on respective rates stated in the appropriate plan document. The awarded amount is accrued monthly and recorded as an expense at the date of the award as no future services are required, subject to continued employment. The amount held in the deferred compensation account prior to 2017 is fully vested. The amount recorded related to periods prior to 2017 will be paid out equally over the next three years, subject to continued employment. Amounts awarded after 2016 will be paid out over a three-year period with a payout equal to 30% in the first year, and 35% in subsequent years, subject to continued employment. Deferred compensation expense for 2018 was \$833,000. The total deferred compensation liability of \$2,963,856 is included in accounts payable and accrued liabilities and is scheduled to be paid over the next three years as follows:

THORNBURG SECURITIES CORPORATION

(An S Corporation)

Notes to Financial Statements

December 31, 2018

December 2019	\$ 1,094,159
December 2020	1,107,072
December 2021	<u>762,625</u>
	\$ <u>2,963,856</u>

(7) Net Capital Requirements

As a registered broker-dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital of the greater of \$100,000 or 6% of aggregate indebtedness and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. The Company had excess net capital of \$1,867,082 and had aggregate indebtedness to net capital ratio of 2.21 to 1 at December 31, 2018.

(8) Reserve Requirements

The Company acts as an introducing broker, which settles all transactions, with and for customers, on a fully disclosed basis with the funds' transfer agent. The Company promptly transmits all customer funds and securities to the funds' custodian, which carries all of the accounts of such customers, and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rule 17a-3 and Rule 17a-4. As such, the Company is exempt from the reserve requirements under Rule 15c3-3(k)(2)(i).

(9) Contingencies

In the normal course of business, the Company is subject to claims, litigation, investigations, and proceedings. Management of the Company believes that such matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

(10) Subordinated Borrowings

The Company has a \$1,750,000 subordinated loan agreement with TIM. As amended on February 22, 2017, the loan matures on December 1, 2026, carries an interest rate of 4.25% and was approved by FINRA. Total accrued interest was \$59,180 as of December 31, 2018. Under this agreement, the Company has irrevocably agreed that the obligations of the Company with respect to the payment of principal are fully and irrevocably subordinate in right of payment and subject to the prior payment or provision for payment in full of all claims of all other present and future creditors of the Company. Under the terms of the agreement, the amounts due under the loan would be suspended if certain net capital requirements are not met. Subsequent to one year from the effective date of the agreement and with prior written approval of FINRA, the Company may, at its option, make a payment of all or any portion of the outstanding principal balance prior to the scheduled maturity date. TIM can also accelerate the payment of the outstanding principal of the loan provided six months' notice is provided and approval by FINRA is provided. As a result of the above terms, the subordinated loan meets the requirements to be included as an addition to net capital under its net capital computation (see note 7).

THORNBURG SECURITIES CORPORATION

(An S Corporation)

Notes to Financial Statements

December 31, 2018

(11) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through February 26, 2019, the date at which the financial statements were available to be issued, and determined there are no further items to disclose.

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Schedule I

Computation of Net Capital under Rule 15c3-1
of the Securities and Exchange Commission

December 31, 2018

Net capital:	
Total stockholders' equity per the accompanying financial statements	\$ 1,728,818
Liabilities subordinated to claims of general creditors allowable in computation of net capital	1,750,000
Total capital and allowable subordinated liabilities	3,478,818
Deduct:	
Assets which are not readily convertible into cash	(1,183,622)
Haircuts on money market funds and investment securities	(104,256)
Net capital	2,190,940
Minimum net capital required	323,858
Excess net capital	\$ 1,867,082
Aggregate indebtedness – accounts payable and accrued expenses	\$ 4,857,865
Ratio of aggregate indebtedness to net capital	2.21
Percentage of debt to debt-equity total computed in accordance with Rule 15c-3-	% 50.30
The above computation of net capital agrees with the computation of the Company on the amended FOCUS Form X 17A 5, Part IIA, as of December 31, 2018, filed by the Company on February 20, 2019.	
See accompanying report of independent registered public accounting firm.	

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Schedule II

Statement Regarding Customer Reserve Requirements and PAB Accounts Reserve Requirements for Broker
Dealers Pursuant to Rule 15c3-3 of the
Securities and Exchange Commission

December 31, 2018

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2) (i) of that rule.

See accompanying report of independent registered public accounting firm.

THORNBURG SECURITIES CORPORATION
(An S Corporation)

Schedule III

Information Relating to the Possession or Control Requirements
Pursuant to Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2018

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2) (i) of that rule.

See accompanying report of independent registered public accounting firm.



KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Report of Independent Registered Public Accounting Firm

The Board of Directors
Thornburg Securities Corporation:

We have reviewed management's statements, included in the accompanying Thornburg Securities Corporation Exemption Report (the Exemption Report), in which (1) Thornburg Securities Corporation (the Company) identified the following provisions of 17 C.F.R. § 15c3-3 (k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (k)(2)(i) (the exemption provision); and (2) the Company stated that it met the identified exemption provisions throughout the year ended December 31, 2018 without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

KPMG LLP

Albuquerque, New Mexico
February 26, 2019

Thornburg Securities Corporation's
Exemption Report

Thornburg Securities Corporation (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "reports to be made by certain brokers & dealers"). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claims an exemption from 17 C.F.R. §240.15c3-3(k)(2)(i) (the "exemption provision") and
- (2) The Company met the exemption provision throughout the most recent fiscal year 2018 from January 1, 2018 to December 31, 2018 without exception.

Thornburg Securities Corporation
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By: *Nimish A. Shah*
Title: Financial Operations Principal

February 26, 2019